

Message Text

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ACTION EUR-25

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INFO AMEMBASSY BERN

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AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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E.O. 11652: N/A

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SUBJ: OIL SITUATION IN NORWAY

1. HAKEN M. HEUM, DIRECTOR OF THE OIL DIVISION IN THE MINISTRY OF COMMERCE AND SHIPPING, AND OIL COMPANIES IN OSLO HAVE PROVIDED THE EMBASSY WITH THE FOLLOWING INFORMATION ON THE OIL SITUATION IN NORWAY.

2. STOCKS -- NORWAY HAS A 70-75 DAY RESERVE OF BOTH CRUDE AND
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ALL PRODUCTS. 20-25 DAYS ADDITIONAL SUPPLY ARE EN ROUTE TO

NORWAY.

3. CONTINGENCY PLANS -- THE NORWEGIAN GOVERNMENT HAS INTRODUCED A VOLUNTARY PROGRAM DESIGNED TO EFFECT A 10 PERCENT REDUCTION OF ALL CONSUMPTION OF PETROLEUM PRODUCTS (TOTAL CONSUMPTION IS ABOUT 175,000 BARRELS PER DAY). CONSUMERS ARE ASKED TO LOWER ROOM TEMPERATURES, REFRAIN FROM USING CARS, USE MOTOR POOLS AND PUBLIC TRANSPORT, REDUCE SPEEDS, ETC. THE GOVERNMENT IS WATCHING THE EFFECTIVENESS OF THIS PROGRAM AND IS PREPARED TO INTRODUCE COMPULSORY RATIONING WITHIN 4-7 DAYS. RATION CARDS ARE PRINTED AND MOST ALLOCATIONS HAVE BEEN DECIDED UPON. INDUSTRIAL USERS WOULD BE GIVEN PRIORITY. GREATEST SHORTAGES EXPECTED CK HIGHER DISTILLATES, AND FACTORIES MAY BE ASKED TO SWITCH TO HEAVIER OILS WHEREVER POSSIBLE AND ENVIRONMENTALLY ACCEPTABLE. THE GOVERNMENT HOPES TO AVOID RATIONING FOR AT LEAST TWO WEEKS AND PERHAPS ONE MONTH. IF ARAB BOYCOTT LIFTED WITHIN THAT TIME NO RATIONING WILL PROBABLY BE INTRODUCED. THERE HAS BEEN VERY LITTLE STOCK PILING OF PETROLEUM PRODUCTS BY CONSUMERS EITHER IN ANTICIPATION OF SHORTAGES OR HIGHER PRICES.

4. PETROLEUM IMPORTS -- NORWAY IMPORTS 8 MILLION METRIC TONS OF CRUDE AND PRODUCTS A YEAR -- 60 PERCENT CRUDE AND 40 PERCENT PRODUCTS. THERE IS NO DOMESTIC ON SHORE PRODUCTION. BETWEEN 40 AND 50 PERCENT OF CRUDE IMPORTS COME FROM IRAN, ANOUT 10-15 PERCENT FROM THE USSR, AND MOST OF THE BALANCE FROM ARAB COUNTRIES. THERE HAS BEEN NO REDUCTION IN CRUDE SHIPMENTS FROM USSR, BUT NORWAY EXPECTS TO SHARE IN A GENERAL REDUCTION IN OTHER CRUDE IMPORTS ALONG WITH OTHER EUROPEAN COUNTRIES. (ESSO HAS ANNOUNCED A GENERAL 15 PERCENT REDUCTION). MOST OF NORWAY'S PRODUCT IMPORTS COME FROM UK, HOLLAND AND WEST GERMANY. NORWAY EXPECTS SOME DISRUPTION OF THESE PRODUCT SUPPLIES FROM HOLLAND AND WEST GERMANY, SINCE SUPPLYING REFINERIES ARE SERVED BY ROTTERDAM.

5. POWER SOURCES -- APPROXIMATELY 60 PERCENT OF NORWAY'S POWER IS HYDROELECTRIC AND 40 PERCENT OIL GENERATED. SOME 5-10 PERCENT OF THE OIL GENERATED POWER LIMITED OFFICIAL USE

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CAN PROBABLY BE SWITCHED TO HYDROELECTRIC POWER. HOWEVER, EAST NORWAY (OSLO AREA), WHERE 40 TO 50 PERCENT OF NORWEGIAN POWER IS CONSUMED, HAS HAD A DRY SUMMER AND WOULD PROBABLY HAVE TO RELY ON POWER TRANSMITTED FROM WEST AND NORTH NORWAY IN A SWITCH OVER.

6. OIL SHIPMENT LIMITATIONS -- NORWAY CAN HANDLE SUPER TANKERS AND THERE ARE NO PHYSICAL LIMITATIONS ON OIL

IMPORTS SIMILAR TO THOSE IN DENMARK.

7. TRANSSHIPMENT -- NO ARRANGEMENTS HAVE BEEN MADE TO
TRANSSHIP CRUDE FROM NORWAY TO OTHER EUROPEAN PORTS.
THE REGULAR EXPORT OF PRODUCTS FROM NORWEGIAN REFINERIES
TO DENMARK AND SWEDEN WILL BE MAINTAINED AND WILL ONLY BE
REDUCED IN PROPORTION TO REDUCTION IN NORWEGIAN
CRUDE IMPORTS.

8. ANTI-TRUST -- AMERICAN OIL COMPANIES HERE HOPE
U.S. ANTI-TRUST RESTRICTIONS WILL BE LIFTED TO PERMIT
THEM TO COOPERATE MORE CLOSELY WITH OTHER COMPANIES.
THEY BELIEVE THIS WOULD FACILITATE COORDINATION OF
PROGRAMS IN THE BROADER, NATIONAL CONTEXT. NORWEGIAN
AUTHORITIES ECHO THEIR SENTIMENT.

9. SE SEPTEL ON JET FUEL.
BYRNE

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